

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 1461 - SB 1698

February 3, 2014

SUMMARY OF BILL: Excludes from the definition of smoking, the use of non-tobacco products that create vapor to be inhaled. Exempts the use of such non-tobacco products from prohibitions on smoking in certain locations. Declares that such non-tobacco products are exempt from tobacco tax.

ESTIMATED FISCAL IMPACT:

NOT SIGNIFICANT

Assumptions:

- There will be no change in the number of violations related to ordinances prohibiting smoking in certain locations.
- According to the Department of Revenue, there will be no change in tax revenue because such products are not subject to tobacco taxes or regulation under current law.

IMPACT TO COMMERCE:

NOT SIGNIFICANT

Assumptions:

- Maintaining the current regulatory and tax status for non-tobacco vaporizing products will result in the continuation of the current trend for sales growth of such products. As a result, business revenue for entities that manufacture, distribute, and sell such non-tobacco products will continue increasing. This impact to commerce will occur under the provisions of the bill, as well as in the absence of the bill, given the bill is codifying current practice; therefore, no impact to commerce as a result of the bill.
- Given that consumers are escalating their use of such non-tobacco products, as an alternative to using traditional tobacco products, business revenue for entities that

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manufacture, distribute, and sell traditional tobacco products will continue decreasing. This impact to commerce will occur under the provisions of the bill, as well as in the absence of the bill, given the bill is codifying current practice; therefore, no impact to commerce as a result of this bill.

- Given the increasing popularity of the non-tobacco products, there could be an increase in the number of jobs within this market segment; however, any gain in the number of jobs realized by this market segment will likely be offset by a decrease in the number of jobs within the tobacco product market segment. Any net impact to the number of jobs is estimated to be not significant and will occur under the provisions of the bill, as well as in the absence of the bill, given the bill is codifying current practice; therefore, no impact to jobs as a result of the bill.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read 'Lucian D. Geise', with a stylized, cursive script.

Lucian D. Geise, Executive Director

/cce